

# House Study Bill 769

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON VAN FOSSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act modifying allocations and apportionments of road use tax  
2 funds.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 6592HC 81  
5 eg/gg/l4

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1 1 Section 1. Section 309.10, Code 2005, is amended to read  
1 2 as follows:  
1 3 309.10 USE OF FARM=TO=MARKET ROAD ~~FUND~~ ACCOUNT.  
1 4 1. Notwithstanding section 310.4, if the board of  
1 5 supervisors of a county does not plan to utilize its farm=to=  
1 6 market road ~~fund~~ account allocation for the succeeding fiscal  
1 7 year for farm=to=market projects, the board may annually, by  
1 8 stipulation in the secondary road construction program and  
1 9 secondary road budget submitted to the department in  
1 10 accordance with sections 309.22 and 309.93, determine an  
1 11 amount of the unobligated portion of its allocation, up to a  
1 12 maximum of fifty percent of its anticipated total annual  
1 13 allocation, for the construction and reconstruction of local  
1 14 secondary roads. However, moneys from the farm=to=market road  
1 15 ~~fund~~ account shall not be so used if the moneys are needed to  
1 16 match federal funds available for farm=to=market road  
1 17 projects.  
1 18 2. A county shall not use farm=to=market road ~~funds~~  
1 19 account moneys as described in this section unless the total  
1 20 funds that the county transferred or provided during the prior  
1 21 fiscal year pursuant to section 331.429, subsection 1,  
1 22 paragraphs "a", "b", "d", and "e", are at least seventy-five  
1 23 percent of the sum of the following:  
1 24 1- ~~a.~~ From the general fund of the county, the dollar  
1 25 equivalent of a tax of sixteen and seven-eighths cents per  
1 26 thousand dollars of assessed value on all taxable property in  
1 27 the county.  
1 28 2- ~~b.~~ From the rural services fund of the county, the  
1 29 dollar equivalent of a tax of three dollars and three-eighths  
1 30 of a cent per thousand dollars of assessed value on all  
1 31 taxable property not located within the corporate limits of a  
1 32 city in the county.  
1 33 Sec. 2. Section 310.3, Code 2005, is amended to read as  
1 34 follows:  
1 35 310.3 ~~FUNDS~~ FARM=TO=MARKET ROAD ACCOUNT OF SECONDARY ROAD  
2 1 FUND.  
2 2 ~~There is hereby created a fund As provided in section~~  
2 3 ~~312.2, the treasurer of state shall maintain a separate~~  
2 4 ~~account in the secondary road fund which shall be known as the~~  
2 5 ~~farm=to=market road fund account which shall be made up as~~  
2 6 ~~follows of the following:~~  
2 7 1. All federal aid secondary road funds received by the  
2 8 state.  
2 9 2. All road use tax funds by law credited to the farm=to=  
2 10 market road ~~fund~~ account.  
2 11 3. All other funds which may, under ~~the provisions of~~ this  
2 12 chapter or any other law, be credited or appropriated for the  
2 13 use of the farm=to=market road ~~fund~~ account.  
2 14 Sec. 3. Section 310.4, Code 2005, is amended to read as  
2 15 follows:  
2 16 310.4 USE OF ~~FUND~~ ACCOUNT.  
2 17 ~~Said~~ The farm=to=market road ~~fund~~ account is hereby  
2 18 appropriated for and shall be used in the establishment,

2 19 construction, reconstruction, or improvement of the farm-to=  
2 20 market road system, including the drainage, grading,  
2 21 surfacing, resurfacing, construction of bridges and culverts,  
2 22 the elimination, protection, or improvement of railroad  
2 23 crossings, the acquiring of additional right of way and all  
2 24 other expenses incurred in the construction, reconstruction,  
2 25 or improvement of ~~said the~~ farm-to-market road system under  
2 26 this chapter.

2 27 Sec. 4. Section 310.6, Code 2005, is amended to read as  
2 28 follows:

2 29 310.6 ACCOUNTS BY DEPARTMENT.

2 30 The department shall keep ~~accounts~~ subaccounts in relation  
2 31 to the farm-to-market road ~~fund account~~ and each county's  
2 32 allotment ~~thereof of the account~~, crediting each ~~fund~~  
2 33 subaccount with all amounts by law creditable ~~thereto to the~~  
2 34 subaccount, and charging each with all duly and finally  
2 35 approved vouchers for claims properly chargeable ~~thereto to~~  
3 1 the subaccount.

3 2 Sec. 5. Section 310.8, Code 2005, is amended to read as  
3 3 follows:

3 4 310.8 QUARTERLY STATEMENT TO COUNTY ENGINEER.

3 5 The department shall, quarterly, advise each county  
3 6 engineer of the condition of ~~said the~~ county's allotment of  
3 7 the farm-to-market road ~~fund account~~. ~~Said The~~ statement  
3 8 shall show the balance in ~~said the~~ county's allotment at the  
3 9 beginning of ~~said the~~ period, the amount or amounts allotted  
3 10 to ~~said the~~ county during ~~said the~~ period, the amount  
3 11 disbursed from ~~said the~~ county's allotment during ~~said the~~  
3 12 period, and the balance in ~~said the~~ county's allotment at the  
3 13 end of the ~~said~~ period. ~~Said The~~ statement shall also show  
3 14 the estimated outstanding obligations against the ~~said~~  
3 15 county's allotment at the date of ~~said the~~ statement.

3 16 Sec. 6. Section 310.16, Code 2005, is amended to read as  
3 17 follows:

3 18 310.16 CLAIMS CHARGED TO COUNTY ALLOTMENT.

3 19 All claims for improving farm-to-market roads hereunder  
3 20 shall be paid from the farm-to-market road account of the  
3 21 secondary road fund and charged to the allotment of ~~said fund~~  
3 22 the account for the county in which ~~said the~~ project is  
3 23 located.

3 24 Sec. 7. Section 310.20, Code 2005, is amended to read as  
3 25 follows:

3 26 310.20 SUPERVISORS RESOLUTION TO STATE TREASURER.

3 27 Any county may, in any year, by resolution of its board of  
3 28 supervisors, make available for improvement or construction of  
3 29 farm-to-market roads within the county any portion of its  
3 30 allotment of road use tax funds. Upon certification of such a  
3 31 resolution, the state treasurer shall place in the county's  
3 32 allotment of the farm-to-market road account of the secondary  
3 33 road fund the amount authorized by ~~such the~~ resolution.

3 34 Sec. 8. Section 310.27, Code 2005, is amended to read as  
3 35 follows:

4 1 310.27 PERIOD OF ALLOCATION == REVERSION == TEMPORARY  
4 2 TRANSFERS.

4 3 1. The portion of the farm-to-market road account of the  
4 4 secondary road fund allotted to any county as provided in this  
4 5 chapter shall remain available for expenditure in ~~said the~~  
4 6 county for three years after the close of the fiscal year  
4 7 during which ~~said sums respectively were the portion was~~  
4 8 allocated. Any ~~sum portion~~ remaining unexpended at the end of  
4 9 the period during which it is available for expenditure, shall  
4 10 be reapportioned among all the counties ~~as provided in section~~  
4 11 ~~312.5 for original allocations.~~

4 12 2. For the purposes of this section, any ~~sums~~ portions of  
4 13 the farm-to-market road account of the secondary road fund  
4 14 allotted to any county shall be presumed to have been  
4 15 ~~"expended"~~ expended when a contract has been awarded  
4 16 obligating the ~~sums~~ portions. When projects and their  
4 17 estimated costs, which are proposed to be funded from the  
4 18 farm-to-market road ~~fund account~~, are submitted to the  
4 19 department for approval, the department shall estimate the  
4 20 total funding necessary and the period during which claims for  
4 21 the projects will be filed. After anticipating the funding  
4 22 necessary for approved projects, the department may  
4 23 temporarily allocate additional moneys from the farm-to-market  
4 24 road ~~fund account~~ for use in any other farm-to-market  
4 25 projects. However, a county shall not be temporarily  
4 26 allocated funds for projects in excess of the county's  
4 27 anticipated farm-to-market road ~~fund account~~ allocation for  
4 28 the current fiscal year plus the four succeeding fiscal years.

4 29 3. If in the judgment of the department the anticipated

4 30 claims against the primary road fund for any month are in  
4 31 excess of moneys available, a temporary transfer for highway  
4 32 construction costs may be made from the farm-to-market road  
4 33 ~~fund account~~ to the primary road fund providing there will  
4 34 remain in the ~~transferring fund~~ farm-to-market road account a  
4 35 sufficient balance to meet the anticipated obligations. All  
5 1 transfers shall be repaid from the primary road fund to the  
5 2 farm-to-market road ~~fund account~~ within sixty days from the  
5 3 date of the transfer. A transfer shall be made only with the  
5 4 approval of the director of management and shall comply with  
5 5 the director of management's rules relating to the transfer of  
5 6 funds. Similar transfers may be made by the department from  
5 7 the primary road fund to the farm-to-market road ~~fund account~~  
5 8 and these transfers shall be subject to the same terms and  
5 9 conditions that transfers from the farm-to-market road ~~fund~~  
5 10 account to the primary road fund are subject.

5 11 Sec. 9. Section 310.28, Code 2005, is amended to read as  
5 12 follows:

5 13 310.28 ENGINEERING AND OTHER ~~EXPENSE~~ EXPENSES.

5 14 1. Engineering, inspection, and administration ~~expense~~  
5 15 expenses in connection with any farm-to-market road project  
5 16 may be paid from ~~said the~~ county's allotment of the farm-to=  
5 17 market road account of the secondary road fund. Any such  
5 18 expense incurred by the department may in the first instance  
5 19 be advanced out of the primary road fund, ~~said the~~ amounts  
5 20 later being reimbursed to ~~said funds the primary road fund~~ out  
5 21 of the farm-to-market road ~~fund account~~.

5 22 2. ~~Provided, that no~~ No part of the salary or expense of  
5 23 the county engineer, any member of the county board of  
5 24 supervisors, any member of the department, the chief engineer,  
5 25 or any department head or district engineer of the department  
5 26 shall be paid out of the farm-to-market road ~~fund account~~.

5 27 Sec. 10. Section 310.34, Code 2005, is amended to read as  
5 28 follows:

5 29 310.34 SECONDARY ROAD RESEARCH FUND.

5 30 Notwithstanding any provision of law to the contrary, the  
5 31 department ~~is hereby authorized to~~ may set aside each year not  
5 32 to exceed one and one-half percent of the receipts in the  
5 33 farm-to-market road ~~fund account of the secondary road fund~~ in  
5 34 a fund to be known as the secondary road research fund.

5 35 Sec. 11. Section 312.2, unnumbered paragraph 1, Code 2005,  
6 1 is amended to read as follows:

6 2 The treasurer of the state shall, on the first day of each  
6 3 month, credit all road use tax funds which have been received  
6 4 by the treasurer, to the primary road fund, the secondary road  
6 5 fund of the counties, ~~the farm-to-market road fund~~, and the  
6 6 street construction fund of ~~the~~ cities in the following manner  
6 7 and amounts:

6 8 Sec. 12. Section 312.2, subsections 1 through 4, Code  
6 9 2005, are amended to read as follows:

6 10 1. To the primary road fund, ~~forty-seven and one-half~~  
6 11 fifty percent.

6 12 2. To the secondary road fund of the counties, ~~twenty=~~  
6 13 ~~four and one-half~~ twenty-five percent. The treasurer shall

6 14 maintain a separate farm-to-market road account in the  
6 15 secondary road fund for deposit of moneys to be used for farm=  
6 16 to-market roads.

6 17 3. ~~To the farm-to-market road fund, eight percent.~~

6 18 4. ~~3.~~ To the street construction fund of the cities,  
6 19 twenty twenty-five percent.

6 20 Sec. 13. Section 312.2, subsection 8, unnumbered paragraph  
6 21 2, Code 2005, is amended to read as follows:

6 22 Funds remaining in the secondary road fund of the counties  
6 23 due to a reduction of allocations to counties for failure to  
6 24 maintain a minimum local tax effort shall be reallocated to  
6 25 counties that are not reduced under this subsection pursuant  
6 26 to the allocation provisions of section 312.3, subsection 17  
6 27 ~~based upon the needs and area of the county~~. Information  
6 28 necessary to make allocations under this subsection shall be  
6 29 provided by the state department of transportation or the  
6 30 director of the department of management upon request by the  
6 31 treasurer of state.

6 32 Sec. 14. Section 312.2, subsection 10, Code 2005, is  
6 33 amended to read as follows:

6 34 10. The treasurer of state, before making the other  
6 35 allotments provided for in this section, shall credit annually  
7 1 to the primary road fund from the road use tax fund the sum of  
7 2 four million four hundred thousand dollars and to the farm=  
7 3 to-market road account of the secondary road fund from the  
7 4 road use tax fund the sum of one million five hundred thousand  
7 5 dollars for partial compensation of allowing trucks to operate

7 6 on the roads of this state as provided in section 321.463.

7 7 Sec. 15. Section 312.3, subsection 1, Code Supplement  
7 8 2005, is amended by striking the subsection and inserting in  
7 9 lieu thereof the following:

7 10 1. Apportion among the counties of the state, in the ratio  
7 11 which the population of each county, as shown by the latest  
7 12 available federal census, bears to the total population of all  
7 13 counties in the state, the percentage of the road use tax fund  
7 14 which is credited to the secondary road fund of the counties.  
7 15 A county may have one special federal census taken each  
7 16 decade, and the population figure thus obtained shall be used  
7 17 in apportioning amounts under this subsection beginning the  
7 18 calendar year following the year in which the special census  
7 19 is certified by the secretary of state.

7 20 Sec. 16. Section 312.3B, unnumbered paragraph 2, Code  
7 21 Supplement 2005, is amended by striking the unnumbered  
7 22 paragraph.

7 23 Sec. 17. Section 312.3C, Code Supplement 2005, is amended  
7 24 by striking the section and inserting in lieu thereof the  
7 25 following:

7 26 312.3C SECONDARY ROAD FUND DISTRIBUTION ADVISORY  
7 27 COMMITTEE.

7 28 A secondary road fund distribution advisory committee is  
7 29 established to develop methodologies for distribution of  
7 30 moneys in the secondary road fund. The committee shall be  
7 31 comprised of representatives appointed by the president of the  
7 32 Iowa county engineers association, the president of the Iowa  
7 33 county supervisors association, and the department. The  
7 34 committee shall recommend to the general assembly, for the  
7 35 general assembly's consideration and adoption, one or more  
8 1 alternative methodologies for distribution of moneys in the  
8 2 secondary road fund.

8 3 Sec. 18. Section 312.4, subsections 2 and 4, Code 2005,  
8 4 are amended to read as follows:

8 5 2. The amount of the road use tax fund ~~which that~~ the  
8 6 treasurer has credited to ~~(a)~~ the following:

8 7 a. The primary road fund, (b) the,

8 8 b. The secondary road fund of the counties, (c) the farm-  
8 9 to-market road fund, and (d) the,

8 10 c. The street construction fund of the cities.

8 11 4. The amount of federal aid secondary road funds which  
8 12 the treasurer has received from the federal government and  
8 13 credited to the farm-to-market road account of the secondary  
8 14 road fund.

8 15 Sec. 19. Section 314.3, Code 2005, is amended to read as  
8 16 follows:

8 17 314.3 CLAIMS == APPROVAL AND PAYMENT.

8 18 1. All claims for construction, reconstruction,  
8 19 improvement, repair, or maintenance on any highway shall be  
8 20 itemized on voucher forms prepared for that purpose, certified  
8 21 to by the claimants and by the engineer in charge, and then  
8 22 forwarded to the agency in control of that highway for final  
8 23 audit and approval. Claims payable from the farm-to-market  
8 24 road account of the secondary road fund shall be approved by  
8 25 both the board of supervisors and the department. Upon  
8 26 approval by the department of vouchers which are payable from  
8 27 the farm-to-market road ~~fund~~ account, or from the primary road  
8 28 fund, as the case may be, such vouchers shall be forwarded to  
8 29 the director of the department of administrative services, who  
8 30 shall draw warrants ~~therefor~~ for the vouchers and ~~said the~~  
8 31 warrants shall be paid by the treasurer of ~~the~~ state from the  
8 32 farm-to-market road ~~fund~~ account or from the primary road  
8 33 fund, as the case may be.

8 34 2. If the engineer makes such certificate or a member of  
8 35 the agency approves such claim when ~~said the~~ work has not been  
9 1 done in accordance with the plans and specifications, and ~~said~~  
9 2 the work be not promptly made good without additional cost,  
9 3 the engineer or member shall be liable on the person's bond  
9 4 for the amount of such claim.

9 5 Sec. 20. Section 331.401, subsection 1, paragraph b, Code  
9 6 2005, is amended to read as follows:

9 7 b. Establish budgets for the farm-to-market road account  
9 8 of the secondary road fund and the secondary road fund in

9 9 accordance with sections 309.10 and 309.93 to 309.97.

9 10 Sec. 21. Section 331.429, Code 2005, is amended to read as  
9 11 follows:

9 12 331.429 SECONDARY ROAD FUND.

9 13 1. Except as otherwise provided by state law, county  
9 14 revenues for secondary and farm-to-market road services shall  
9 15 be credited to the secondary road fund, including the  
9 16 following:

9 17 a. Transfers from the general fund not to exceed in any  
9 18 year the dollar equivalent of a tax of sixteen and seven=  
9 19 eighths cents per thousand dollars of assessed value on all  
9 20 taxable property in the county multiplied by the ratio of  
9 21 current taxes actually collected and apportioned for the  
9 22 general basic levy to the total general basic levy for the  
9 23 current year, and an amount equivalent to the moneys derived  
9 24 by the general fund from military service tax credits under  
9 25 chapter 426A, manufactured or mobile home taxes under section  
9 26 435.22, and delinquent taxes for prior years collected and  
9 27 apportioned to the general basic fund in the current year,  
9 28 multiplied by the ratio of sixteen and seven=eighths cents to  
9 29 three dollars and fifty cents.

9 30 b. Transfers from the rural services fund not to exceed in  
9 31 any year the dollar equivalent of a tax of three dollars and  
9 32 three=eighths cents per thousand dollars of assessed value on  
9 33 all taxable property not located within the corporate limits  
9 34 of a city in the county multiplied by the ratio of current  
9 35 taxes actually collected and apportioned for the rural  
10 1 services basic levy to the total rural services basic levy for  
10 2 the current year and an amount equivalent to the moneys  
10 3 derived by the rural services fund from military service tax  
10 4 credits under chapter 426A, manufactured or mobile home taxes  
10 5 under section 435.22, and delinquent taxes for prior years  
10 6 collected and apportioned to the rural services basic fund in  
10 7 the current year, multiplied by the ratio of three dollars and  
10 8 three=eighths cents to three dollars and ninety=five cents.

10 9 c. Moneys allotted to the county from the state road use  
10 10 tax fund.

10 11 d. Moneys provided by individuals from their own  
10 12 contributions for the improvement of any secondary or farm=  
10 13 to=market road.

10 14 e. Other moneys dedicated to this fund by law including  
10 15 but not limited to funds so dedicated pursuant to sections  
10 16 306.15, 309.52, 311.23, 311.29, and 313.28.

10 17 f. All federal aid secondary road funds received by the  
10 18 state.

10 19 2. The board may make appropriations from the secondary  
10 20 road fund and from the farm=to=market road account within the  
10 21 fund for the following secondary road services:

10 22 a. Construction and reconstruction of secondary and farm=  
10 23 to=market roads and costs incident to the construction and  
10 24 reconstruction.

10 25 b. Maintenance and repair of secondary and farm=to=market  
10 26 roads and costs incident to the maintenance and repair.

10 27 c. Payment of all or part of the cost of construction and  
10 28 maintenance of bridges in cities having a population of eight  
10 29 thousand or less and all or part of the cost of construction  
10 30 of roads which are located within cities of less than four  
10 31 hundred population and which lead to state parks.

10 32 d. Special drainage assessments levied on account of  
10 33 benefits to secondary or farm=to=market roads.

10 34 e. Payment of interest and principal on bonds of the  
10 35 county issued for secondary or farm=to=market roads, bridges,  
11 1 or culverts constructed by the county.

11 2 f. A legal obligation in connection with secondary and  
11 3 farm=to=market roads and bridges, which obligation is required  
11 4 by law to be taken over and assumed by the county.

11 5 g. Secondary and farm=to=market road equipment, materials,  
11 6 and supplies, and garages or sheds for their storage, repair,  
11 7 and servicing.

11 8 h. Assignment or designation of names or numbers to roads  
11 9 in the county and erection, construction, or maintenance of  
11 10 guideposts or signs at intersections of roads in the county.

11 11 i. The services provided under sections 306.15, 309.18,  
11 12 309.52, 311.7, 311.23, 313A.23, 316.14, 468.43, 468.108,  
11 13 468.341, and 468.342, chapter 310, or other state law relating  
11 14 to secondary or farm=to=market roads.

11 15 Sec. 22. TRANSITION PROVISIONS. The treasurer of state  
11 16 and the state department of transportation shall cooperate to  
11 17 coordinate any transitional procedures required for allocation  
11 18 of road use tax funds as provided in this Act.

11 19 Sec. 23. Section 310.7, Code 2005, is repealed.

11 20 Sec. 24. Section 312.5, Code Supplement 2005, is repealed.

#### 11 21 EXPLANATION

11 22 This bill makes changes in the allocations from the road  
11 23 use tax fund to the primary road fund, the secondary road  
11 24 fund, the farm=to=market road fund, and the street  
11 25 construction fund of the cities. The bill provides that 50  
11 26 percent of the moneys shall be allocated to the primary road  
11 27 fund, 25 percent to the secondary road fund, and 25 percent to

11 28 the street construction fund of the cities. The bill directs  
11 29 the treasurer of state to establish a separate farm-to-market  
11 30 road account in the secondary road fund which shall consist of  
11 31 moneys currently deposited into the farm-to-market road fund.  
11 32 The account is to be used for the same purposes for which the  
11 33 farm-to-market road fund is currently used.  
11 34 The bill also provides that the allocation from the road  
11 35 use tax fund to the secondary road fund of the counties shall  
12 1 be apportioned to the counties on a per capita basis in the  
12 2 manner that the allocation to the street construction fund of  
12 3 the cities is currently apportioned to cities. Currently, the  
12 4 road use tax funds allocated to the secondary road fund of the  
12 5 counties and to the farm-to-market road fund are apportioned  
12 6 to the counties based 70 percent on need and 30 percent on  
12 7 area.  
12 8 The bill makes corresponding changes in Code chapter 309,  
12 9 relating to secondary roads; Code chapter 310, relating to  
12 10 farm-to-market roads; Code chapter 312, relating to the road  
12 11 use tax fund; Code chapter 314, relating to administrative  
12 12 provisions for highways; and Code chapter 331, relating to  
12 13 county home rule. The bill also makes corresponding Code  
12 14 reference changes.  
12 15 LSB 6592HC 81  
12 16 eg:nh/gg/14